



SNAP 602-4

ELIGIBILITY AND BENEFIT DETERMINATION

Shelter Deductions

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| Supersedes: | SNAP 602-4 (11/01/15) |
| References: | 7 CFR 273.9(d)(1) through (6), 7 CFR 273.10(d) |
| Overview: | <p>GENERAL RULE -- A shelter deduction is based on shelter expenses anticipated to be incurred by the household. Shelter expenses are determined by using the most recent month's expenses unless the household is reasonably certain a change will occur.</p> <p>Shelter expenses, including utilities, are verified with client statement unless the information is questionable (incomplete, inaccurate, inconsistent, or outdated). If the client reports shelter expenses at application and/or recertification but doesn't state the amount of the rent/mortgage/other allowable non-utility shelter expenses OR type of utility, the eligibility staff member must request this information in the interview or in the Request for Verifications notice.</p> <p>Shelter expenses, including utilities, must be updated with client statement whenever a client moves. If a household reports a change of address but doesn't include new shelter expense, the eligibility staff member must send a Notice to Contact allowing 10 days for the household to report shelter expenses related to the new address. If the client doesn't contact the OPA in 10 days, the shelter expenses will be removed from the case with timely notice of adverse action.</p> |
| SHELTER COST CAP | <p>A shelter deduction is allowed for monthly shelter expenses that exceed 50% of the household's income after all other allowable deductions. <u>This deduction is capped at \$517.00 for the period 10/01/16 through 09/30/17.</u></p> <p>EXCEPTION: There is not a capped shelter deduction for a household with an elderly or disabled member. A household with an elderly or disabled member receives a shelter deduction for the <u>full</u> monthly amount that exceeds 50% of the household's monthly income after all other expenses are deducted.</p> <p>NOTE: A household is subject to the shelter cap when the only elderly or disabled member is an ineligible alien or SSN disqualified or ineligible or disqualified for another reason.</p> |
| SHELTER EXPENSE GUIDELINES | <p>The following are guidelines for all allowable shelter expenses:</p> <ol style="list-style-type: none">1. Shelter costs must be payable in cash to someone outside the SNAP household.2. Shelter costs are deducted <u>ONLY</u> in the month they become due regardless of when they are paid.3. Households may elect to have fluctuating expenses or those billed less often than monthly averaged.<ol style="list-style-type: none">a. <u>One-time expenses</u> (e.g., repair of a furnace after a natural disaster): average the expense over the months in the current certification period. |

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| | <p>These expenses <u>cannot</u> be averaged over any month past the next recertification.</p> <p>b. <u>Expenses billed less often than monthly</u> (e.g., quarterly insurance and/or property taxes): average over the interval between billings or over the period it is intended to cover regardless of the length of time until the next recertification. These expenses can be extended past the recertification date.</p> <p>4. Expenses billed or due weekly or bi-weekly are factored.</p> <p>5. Shelter costs paid by disqualified or ineligible members are treated as follows:</p> <ul style="list-style-type: none"> • All shelter expenses (except utility allowances) paid by a household a member who has an intentional program violation, felony drug conviction not in compliance with probation, or fleeing felon disqualification or is ineligible due to work registration, job quit or reduced hours are allowed in computing the shelter deduction. • All shelter expenses (except utility allowances) paid by a household member who is an ineligible alien, ineligible ABAWD, and SSN ineligible are prorated evenly among all household members. The shelter expenses except the ineligible member's share are allowed in computing the shelter deduction. <p>For all other non-household members not mentioned above who pay all of the non-utility shelter expenses (e.g., if an ineligible student pays all utility and shelter expenses, the expenses are coded against the ineligible student) no non-utility shelter expenses is allowed. If the non-utility shelter expenses are shared with a non-household member then the amount that the household actually pays is used as the deduction. If the payments or contributions cannot be differentiated, the expenses shall be prorated evenly among persons actually paying or contributing to the expense and only the household's pro rata share deducted.</p> |
| ALLOWABLE SHELTER COSTS | <p>The obligated amount of allowable shelter costs is used as an expense deduction. The monthly obligated amount of mortgage/rent is allowed each month when determining the shelter deduction without regard to when it is actually paid. A property owner/landlord is allowed the full amount of shelter costs (such as mortgage, taxes, insurance) that the household is required to pay to live there. The gross income minus the cost of doing business received from rental property if a household member is not involved in management of the property 20 hours/week or more is countable unearned income to the owner/landlord's household (SNAP 503-1).</p> <p>NOTE: No portion of expenses can be used as both a shelter cost and a self-employment cost.</p> <p>Separate households residing in the same residence are allowed the actual amount of rent they are billed as a shelter deduction. When households reside together and neither household owns the residence, a rent payment made from</p> |

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| | <p>one household to another is exempt as pass-through shelter payment up to the full amount of rent billed. If the payment is more than the full rent charged for the residence, the excess payment is unearned income to the household receiving the payment. Allowable shelter costs include:</p> <ol style="list-style-type: none"> 1. Rent including lot rent for a mobile home, but does not include rent for storage space, garage, or parking space. 2. Mortgage or other continuing charges leading to ownership of the shelter occupied by the household (e.g., loan repayments including interest for the purchase of a mobile home and condominium fees in their entirety). 3. Payments on home equity loans, home equity lines of credit or other forms of second mortgages that the home property is used as collateral. 4. Property taxes, state, and local assessments. NOTE: <u>Mandatory fees</u> on a property tax bill, such as for garbage, are allowable as a part of the property tax deduction. 5. Home owner's insurance on the <u>structure</u> only. Costs for insuring furniture or personal belongings are not allowed if the insurance policy separates structure and content costs. The entire premium amount is allowed if the insurance policy does not separate structure and content costs. NOTE: Mandatory fees for installment payments are allowed (e.g., \$2.03/month extra for homeowner's insurance if paid monthly instead of annually). Renter's insurance is not an allowable expense. 6. Charges for repair of a home substantially damaged or destroyed due of a natural disaster, such as a fire or flood. The costs do not include charges for the repair of the home that have been or will be reimbursed by private or public relief agencies, insurance companies, or other sources. 7. Utility expenses. Households cannot claim actual utility expenses and are entitled to only one of the mandatory utility allowances. |
| SPECIAL CIRCUMSTANCES | <ol style="list-style-type: none"> 1. Moving - if a household reports moving during the month and submits one set of bills from the previous address and one set of bills from the current address, the expenses from both locations that are due in the benefit month are allowed as expenses. NOTE: Only one mandatory utility allowance for both homes is allowed as an expense. 2. Unoccupied home - the shelter costs for the home if temporarily unoccupied by the household because of employment or training away from home, illness, or abandonment caused by a natural disaster or |

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| | <p>casualty loss. The household may claim both the shelter costs of its current residence and the costs of the unoccupied home as deductions. The maximum shelter deduction applies. All of the following criteria must be met for costs of an unoccupied home to be included in the household's shelter costs:</p> <ul style="list-style-type: none"> a. The household must intend to return to the home; b. The current occupants of the home, if any, must not be claiming the shelter costs for SNAP purposes; and, c. The home must not be leased or rented during the household's absence. NOTE: Only one mandatory utility allowance for both homes is allowed. <p>3. Two occupied homes - sometimes a member of a household occupies and incurs out-of-pocket expenses for two homes because of employment or training away from home, or illness. Expenses are allowed for both residences (e.g., a spouse works as a traveling salesman and returns home each weekend, the cost of rent or motels while on the road is allowed as a shelter expense). NOTE: Only one mandatory utility allowance for both homes is allowed.</p> <p>4. Group home residents - (SNAP 201-6).</p> |
| SHELTER EXPENSES NOT ALLOWED | <p>The following shelter expenses are not allowed as a deduction:</p> <ul style="list-style-type: none"> 1. Past due bills or amounts carried forward; 2. Expenses paid by vendor payment unless the vendor payment is counted as income; 3. Costs that will be reimbursed. LIEAP is not a reimbursement. HUD or FmHA utility reimbursements are examples of reimbursed costs that are <u>not</u> allowed as a shelter deduction; 4. One time deposits; 5. Closing costs, as a whole, are not allowable expenses. Itemized allowable closing costs such as homeowner's insurance and property taxes are allowed as expenses; 6. Payments for prior months as an expense for the current benefit month; and, 7. In-kind benefits are benefits that no monetary payment is made on behalf of the household. |
| MANDATORY UTILITY ALLOWANCE | <p>Households cannot claim actual utility expenses and are entitled to only one of the mandatory utility allowances or the telephone allowance. The household is allowed a mandatory utility allowance if the household is obligated to pay for</p> |

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| | <p>heating, cooling, cooking fuel, electricity, water, sewage, garbage, and telephone expenses including charges for initial installation of the utility. NOTE: Cooling costs are electricity expenses required to operate a swamp cooler or air conditioner (window or central unit) and do not include window fans. Space heaters do not entitle households to the SUA unless it is their primary source of heat. A household is allowed the full appropriate utility allowance if all of the individuals who share the utility expenses are not in the SNAP assistance unit because they are disqualified but are otherwise required household members. This also applies when the SNAP household shares utility expenses with any non-household members, such as an ineligible student.</p> <p>If two or more separate households live together and each pays a utility expense, each household is entitled to the same full appropriate utility allowance, such as the SUA, regardless of how the expenses are divided between the households. The utility allowance is not prorated. If one household pays all of the utility expenses and the other household pays none, only the household paying the expenses is entitled to the appropriate utility allowance as an expense.</p> |
| STANDARD UTILITY ALLOWANCE (SUA) | <p>The SUA is a \$520 utility expense and is available to the following households:</p> <ol style="list-style-type: none"> 1. Households incurring heating or cooling expenses separately from their rent or mortgage including any households charged only for excess heating/cooling costs if the household pays or is anticipated to pay excess heating/cooling costs for any one month. 2. Households receiving a benefit greater than \$20 annually from the Low Income Home Energy Assistance Program (LIHEAP) or in other similar energy assistance benefits in the current month or in the immediately preceding 12 months; the LIHEAP payment does not have to be for the household's current address. The household must have actually received payment (or had a payment made on its behalf); intention to apply or application for (but not approval of) the LIHEAP benefit does not meet the requirement to be eligible for the SUA. 3. Households in private/public rental housing who incur heating/cooling costs and are billed by their landlords on the basis of individual usage or who are charged a flat rate separately from their rent. 4. Households receiving direct or indirect energy assistance that is excluded from income consideration (other than that provided under the LIHEAA) only if the amount of the expense exceeds the amount of the assistance, and the expense is for heating/cooling costs. NOTE: The eligibility staff member must thoroughly document their decision whether the SUA was or was not allowed as shelter expense. The eligibility staff member uses past utility information when it is an indication of what is expected in the future. If the household's average utility costs exceed the HUD energy assistance and it is anticipated the same will most likely recur, the household is allowed the SUA. If the past utility information leads the eligibility staff member to believe that the same will not occur, such as |

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| | <p>HUD expects to provide more assistance and the household expects less utility expenses, the SUA is not allowed.</p> <p>5. Households receiving direct or indirect energy assistance that is counted as income and incur a heating or cooling expense.</p> |
| LIMITED UTILITY ALLOWANCE (LUA) | LUA is a \$190 utility expense and is available to households not entitled to the SUA but that incur at least two non-heating/cooling utilities, such as electricity, water, sewer, garbage, or telephone including a cell phone if that is the only telephone used in the home. |
| ONE UTILITY ALLOWANCE (OUA) | OUA is a \$154 utility expense and is available to households incurring only one non-heating/cooling utility such as electricity, water, sewer, or garbage and the household does not incur telephone costs. |
| TELEPHONE ALLOWANCE | <p>The telephone allowance is a \$36 utility expense and is available to households incurring telephone costs only. The household must incur the basic service fee for one telephone to be entitled to the telephone standard. The household is allowed the expenses for a cellular phone if that is the only telephone used in the home and the cost is associated with a specific device. A contract for service is not required.</p> <p>NOTE: If the household is self-employed and claims the cell phone as a business expense, it cannot also claim the phone as a utility expense.</p> |
| UTILITY COSTS NOT ALLOWED | <p>The following are examples of expenses that are not allowed:</p> <ol style="list-style-type: none"> 1. One-time deposits; 2. Repair or replacement of things such as utility lines unless they were damaged or destroyed by a natural disaster such as a fire or a flood; 3. Late fees, interest charges or amounts carried forward from a past billing period; and, 4. Costs associated with cutting wood for heat such as cutting permits, gas for a chain saw and truck, or equipment like a chain saw. |
| EFFECTIVE DATE: | October 1, 2016 |